Retter

bing it in eductional institutions, or of transferring it to the States, they found it in many cases, inconvenient to comply with the demands of the Treasury, and numerous and pressing applications were made for indulgence or relief. As the instalments under the dopes to law became payable, their own embarrassments and the necessity under which they lay of curtailing their discounts and calling in their debts, increased the general dist ess and contributed, with other causes, to hasten the revulsion in which at length, they, in common with the other banks, were fatally involved.

Under these circumstances, it becomes our solemn duty to enquire whether there are not in any commetion between the Government and banks of issue, evils of great magnitude, inherent in its very nature, and against which no precautions can et

feetually guard.

Unforsecn in the organization of the Government, and forced on the Trea ury by early necessities, the practice of employing banks, was, in truth, from the lieginning, more of a measure of emergencythan of sound policy. When we started into existence as a nation, in addition to the burdens of the new Government, we assumed all the large but honorable load of debt which was the price of our liberty; but we hesitated to weigh down the infant ir dustry of the country by resorting to adequate taxation for the necessary revenue. The facilities of banks, in return for the privileges they acquired, were promptly offered, and perhaps too readily received, by an embarrassed Treasury. During long continuance of a national debt, and the in-tervening difficulties of a foreign war, the connection was continued from motives of convenience; but these causes have long since passed away. We have no emergencies that make banks necessary to aid the wants of the Treasury; we have no load of national debt to provide for, and we have on actual deposite a large surplus. No public interest, therefore, now requires the renewal of a connection that circumstances have dissolved. The complete organization of our Government, the abundance of our resources, the general harmony which prevails between the different States, and with foreign powers, all enable us now to select the system most consistent with the constitution, and most conducive to the public welfare. Should we then, connect the Treasury for a fourth time with the local banks, it can only be under a conviction that past failures have arisen from accidental, not

A danger difficult, if not impossible to be avoided in such an arrangement, is made strikingly evident in the very event by which it has now been defeated. A sudden act of the banks intrusted with the funds of the people, deprives the Treasury, without fault or agency of the Government, of the ability to pay its creditors in the currency they have by law a right to demand. This circumstance no fluctuation of commerce could have produced, if the public revenue had been collected in the legal currency, and kept in to at form by the officers of the Treasury. The citizen, whose money was in bank receives it back, since the suspension, at a sacrifice in its amount; whilst he who kept it in the legal currency of the country, and in his own pos-session, pursues, without loss, the current of his business The Government, placed in the situation of the former, is involved in embarrassments it could not have suffered had it pursued the course of the latter. These embarrassments are, moreover, augmented by those salutary and just laws which forbid it to use a depreciated currency, and by so doing, take from the Government the ability

which individuals have of accommodating their transactions to such a catastrophe.

A system which can, in a time of profound peace, when there is a large revenue laid by, thus anddenly prevent the application and the use of the money of the people, in the manner and for the objects they have directed, cannot be wise; but who can think, without painful reflection, that, under it, the same unforseen events might have befallen us in the midst of a war, and taken from us, at the moment when most wanted, the use of those very means which were treasured up to promote the na tional welfare and guard our national rights? such embarrassments and to such dangers will this Government be always exposed, whilst it takes the money raised for, and necessary to, the public service, out of the hands of its own officers, and converts them into a mere right of a tion against corporations entrusted with the possession of them. Nor can such results be effectually guarded against in such a system, without investing the Executive with a control over the banks themselves, whether State or National, that might with reason be o'jected to. Ours is probably, the only government in the world that is liable, in the management of its fiscal concerns, to occurrences like these. - But this imminent risk is not the only danger attendant on the surrender of the public money to the custody and control of local corporations. Though the oband control of local corporations. ject is to aid the Treasury, its effect may be to introduce into the operations of the Government, in-fluences the most subtle, founded on interests the

The use of the banks, for their own benefit, of the money deposited with them, her received the sanction of the Government from the commencement of this connection. The money received from the people, instead of being kept till it is needed for their use, is, in consequence of this authority a fund, on which discounts are unde for the profit of those who happen to be owners of stock in the banks selected as depositories. The supposed and often exaggerated advantages of such a boom will always cause it to be sought for with avidity. I will not stop to consider on whom the patronage in ident to it is to be conferred; whether the selection and control be trusted to Congress or to the Executive, either will be subjected to appeals made in every form which the sagacity of interest can The lanks, under such a system, ace stimulated to make the most of their fortunate acquisition; the deposites are treated as un increase of capital; loans and circulation are rashly augmented, and, when the public exigencies require a return, it is attended with embarrassments not pro wided for nor foreseen. Thus banks that thought themselves most fortunate when the public funds were received, find themselves most emburrassed when the season of payment suddenly arrives.

Unfortunately, too, the evils of the system are not limited to the banks. It stimulates a general rashness of enterprise, and aggravates the fluctuations of commerce and the currency. was strikingly exhibited during the operations of othe late deposite system, and especially in the purchases of public lands. The order which ultimately directed the payment of gold and silver in such purchase, greatly checked, but could not altogether prevent, the evil. Specie was lader | more difficult to be procured than the notes which the bank could themselves create at pleasure; but still, belong deposite, which they were again at liberry to use it only passed round the circle with diminisher specil. This operation could not have he n per forced, had the funds of the Government gone in to the Treasury, to be regularly distanced, and not into banks, to be loaned out for their own profit while they were permitted to substitute for it a cred it, in account.

In expressing these sentiments, I do ire not

undervalue the benefits of a salouary eredit to any branch of enterprise, "I be credit bestowed on prob ity and industry is the just reward of merit, and an honorable incentive to further acquisition. None oppose it who love their country and understand ts welfare. But when it is unduly encouragedwhen it is made to inflame the public mind with the temptation of sudden and unsubstantial wealth shen it turns industry into the paths that lead coner or later, to disappointment and distre u- it secomes liable to censure, and needs correction. Far from helping probity and industry, the ruin to which it leads falls most severely on the great la-boring classes, who are thrown suddenly out of employment, and by the failure of magnificent scheme power intended to enrich them, are deprived in a movent of their only resource. Abuses of credit and excess in speculation will happen in despite of the most salutary laws; no Government perhaps can altogether prevent them; but surely every Government can refrain from contributing the stimulus that calls them into life.

Since, therefore, experience has shown, that to lend the public money to the local banks, is hazardous to the operations of the Government, at least of doubtful benefit to the institutions themselves and productive of disastrous derangement in the bu siness and currency of the country, is it the part of wisdom again to renew the connection?

It is true, that such an agency is in many spects convenient to the Treatury, but it is not indispensable. A limitation of the expenses of the Government in its actual wants, and of the reven ue to those expenses, with convenient means for its prompt application to the purposes for which it was raised, are the objects which we should seek to ac complish. The collection, safe-keeping, transfer and disbursement of the public money, can, it is believed, he well managed by officers of the Government. Its collection and, to a great extent, its disbursement at o, have in-feed been hitherto conducted solely by them; neither National nor State Banks when employed being required to do more than keep it safely while in their custody, and transfer and pay it in such portion, and at such times, as the Treasury shall direct.

Surely banks are not more able than the Government to secure the money in their possession against accident, violen e, or fraud. The assertion that they are so, must assume that a vault in the Treasury; and that directors, cashiers, and clerks, not selected by the Government, nor under its control. are more worthy of confidence than officers selected from the people and responsible to lile Government; officers bound by official oaths and bonds for a faithful performance of their duties, and constantly

subject to the supervision of Congress. The difficulties of transfer, and the aid heretofore rendered by banks, have been less than is usually supposed. The actual accounts show that by far the larger portion of payments is made within short or convenient distances from the places of collection; and the whole number of warrants issued at the Treasury in the year 1834-a year, the results of which will it is believed afford a safe test for the fature-fell short of five thousand, or an average of less than one daily for each State; in t e city of N. Y. they did not average more than two a day, and at the city of Washington only four.

The difficulties heretofore existing are moreover, daily lessened by an increase in the cheapness and facility of communications; and it may be asserted with confidence, that the necessary transfers, as well as the safe-keeping and disbursement of the public moneys, can with safety and convenience be accomplished through the ageneies of Treasury officers. This opinion has been, in some degree, confirmed by actual experience since the discontinuance of the banks as fiscal agents, in May last; a period which from the embarrassments in commercial intercourse, presented obstacles as great as any that may be hereafter

The manner of keeping the public money since that period, is fully stated in the report of the Secretary of the Treasury. That officer also suggested the propriety of essigning by law, certain additional duties, to existing establishments & officers, which with the modifications and safeguards referred to by him, will, he thinks, enable the Department to continue to perform this branch of the public service, without any material addition either to their number, or to the present expense. The extent of the business to be transacted has already been stated; and in respect to the amount of monev with which the officers employed would be entrusted at any one time, it appears that, assuming a balance of five millions, to be at all times kept in the Treasury, and the whole of it left in the hands of the collectors and receivers, the propertion of each would not exceed an average of thirty thousand dollars; but that, deducting one million for the use of the mint, and assuming the remaining four millions to be in the hands of one half of the present number of officersa supposition deemed more likely to correspond with the fact-the sum in the hands of each would still be less than the amount of most of the bonds now taken from the receivers of public money. Every apprehension, however, on the subject, either in respect to the safety of the money, or the faithful discharge of the fiscal transactions, may, it appears to me, he effectually removed by adding to the present means of the Treasury, the establishment by law, a tafew important points, of officers for the deposite and disbursement of such portions of the public revenue as cannot, with obvious safety and convenience, beleft in the posession of the collecting officers until paid over by them to the public creditors. Neiher the amounts retained in their hands, for those deposited in the officers, would, in an ordinary condition of the revenue, e larger in most cases than those often unler the control of disbursing officers of the rmy and navy, and might be made entirely afe, by requiring such securities, and exerising such controlling supervisi m, as Conress may, by law, prescribe. The princial officers, whose appointments would beome necessary under this plan, taking the argest number suggested by the Secretary

the aditional expenses, at the same estimate,

sixty thousand dollars a year.

There can be no doubt of the obligation of those who are entrusted with the affairs of government, to conduct them with as litthe cost to the nation as is consistent with the public interest; and it is for Congress. and ultimately for the people, to decide whether the benefits to be derived from keeping our fiscal concerns apart, and severing the connexion which has hitherto existed between the government and banks. offer sufficient advantages to justify the necessary expenses. If the object to be accomplished is deemed important to the future welfare of the country, I cannot allow myself to believe that the addition to the publie expenditure of comparatively so small an amount as will be necessary to effect it, will be objected to by the people.

It will be seen by the report of the Postmaster General, herewith communicated, that the fiscal affairs of that Department have been successfully conducted since May last upon the principle of dealing only in the legal currency of the United States, and that it needs no legislation to maintain its credit, and facilitate the management of its concerns; the existing laws being, in the opinion of that officer, ample for those

Difficulties will doubtless be encountered for a season, and jucreased services required from the public functionaries; such are usually incident to the commencement of every system, but they will be greatly les sened in the progress of its operation.

The power and influence supposed to be connected with the custody and disbursement of the public money is naturally and, with great propriety, peculiarly sensi tive. Much has been said on them, in reference to the proposed separation of the government from the banking institutions! and surely no one can o' ject to any appeals or animadversions on the subject, which are consistent with facts, and evince a proper respect for the intelligence of the people. If a Chief Magistrate may be allowed to speak for himself on such a point, I can truly say, that to me nothing would be more acceptable than the withdrawal from the executive, to the greatest practicable extent, of all concern in the custody and disbursement of the public revenue; not that I would shrink from any responsibility east upon me by the duties of my office but because it is my firm belief, that its capacity for usefulness is no degree promoted by the possession of any patronage no actually necessary to the performance of those duties .- But under our present forn of government, the intervention of the Executive officers in the custody and dishursement of the public money seems to be unavoidable; and before it can be admitted that the influence and power of the Execu tive would be increased by dispensing with the agency of banks, the nature of that intervention in such an agency must be carefully regarded, and a comparison nust be instituted between its extent in the two

The revenue can only be collected by officers appointed by the President, with the advice & consent of the Senate. public moneys, in the first instance, must therefore, in all cases, pass through handselected by the Executive. Other officerappointed in the same way, or, as in some cases, by the President alone, must also be entrusted with them when drawn for the purpose of dishursement. It is thus seen that, even when banks are employed, the public funds must twice pass through the hands of the Executive officers. Beside this, the head of the treasury departments who also holds his office at the pleasure o the president, and some other officers of the same department, must necessarily be invested with more or less power in the selection, continuonce, and supervision, o the banks that may be employed. The question is then narrowed to the singh point, whether, in the intermediate stage between the collection and disbursement of the public money, the agency of banks is necessary to avoid a dangerous extension of the patronage and influence of the executive? But is it clear that the connection of the executive with powerful moneyed institutions, capable of ministering to the interest of men in points where they are mos accessible to corruption, is less liable to abuse, than his constitutional agency in the appointment and control of the few public officers required by the proposed plan? Will the public money, when in their hands. be necessarily exposed to any improper interference on the part of the Executive? May it not be hoped that a prudent fear of public jealousy and disapportation, in a matter so peculiarly exposed to them, will deter him from any such interference, even if higher motives be found inoperative? May not Congress so regulate, by law, the duty of those officers, and subject it to such supervison and publicity as to prevent the possibility of any serious abuse on the part of the Executive? And is there equal room for such supervision and publicity in a connection with banks, acting under the shield of corporate inmunities, and conducted by persons irresponsible to the govern ment and the people? It is believed that a considerate and candid investigation of these questions will result in the conviction, that the proposed plan is far less liable to objection, on the score of executive patronage and control, than any bank agency that

With these views, I leave to Congress the measures necessary to regulate, in the

has been, or can be, devised.

formance of constitutional duty, I have stamy own reflections. The subject is of great importance; and one on which we can scarcely expect to be united in sentiment as we are in interest. It deserves a full and free discussion, and cannot fail to be benefited by a dispassionate comparison of opin-Well aware myself of the duty of reciprocal concession among the co-orninate branches of the government, I can promise a reasonable spirit of co-operation, so far as it can be indulged in without the surrenderof constitutional objections, which I believe to be well founded. Any system that may be adopted should be subjected to the full est legal provisions, so as to leave nothing to the executive but what is necessary to the discharge of the duties imposed on him; and what ever plan may be ultimately established, my own part shall be so discharged as to give to ita fair trial, and the best prospect of success.

The character of the funds to be received and disbursed in the transactions of the gavernment likewise demands your mest careful

consideration.

There can be no doubt that those who framed and adopted the constitution, having in immediate view the depreciated paper of the confederacy, of which five hundred dollars in paper were, at times, equal to one dollar in coin intended to prevent the recurrence of similar evils, so far at least as related to the transactions of the new government. They gave to Congress express powers to coin money, and regulate the value thereof, and of foreign coin; they refused to give it power to establish corporations; the agents then as now, chiefly employed to create a paper currency; they prohibited the states from making any thing but gold and silver a legal payment of debts; and the first Congress directed by positive law, that the revenue should be received in nothing but gold and silver.

Pu'lic exigency at the outset of the government, without direct legislative authority, led to the use of banks as fiscal nids to the Treasury. In admitted deviation from the law, at the same period, and under the exigency, the Secretary of the Treasury received their notes in payment of duties. The sale ground on which the practice, thus commenced, was then, or has since, been justified, is the certain, immediate, and on eni nt exchange of such notes for speic. The government did, indeed, receive he inconvertible notes of the state banks luring the difficulties of war, and the comnunity submitted without a murmur to the mequal taxation and multiplied evils of which such a course was productive. With the war, this indulgence ceased, and he banks were obliged again to redeem heir notes in gold and silver. The Treasury, in accordance with previous practice, continued to dispense with the currency required by the act of 1789, and took the notes of banks in full confidence of their being paid in specie on demand; and Congress, to guard against the slightest violation of this principle, have declaired, by law hat if notes are paid in the transactions of he government, it must be under such eirsumstances as to enable the holder to convert them into specie, without depreciation

Of my own duties under the existing aws, when the banks suspended specie pay nents, I could not doubt. Directions were in mediately given to prevent if e recention n to the Treasury of any thing but cold ilver or its equivalent; and every practicade arrangement was made to preserve the public faith, by similar or equivalent pay nents to the public creditors. The revenue from lands had been for some time substanfally so collected, under the order issued by the direction of my predecessors. The effects of that order had been so salutary. and its forecast in regard to the increasing nsecurity of bank paper had become so opparent, that, even before the catastrophe, I had resolved not to interfere with its operation. Congress is now to decide whether the revenue shall continue to be so collec-

The receipts into the Treasury, of bank notes not redeemed in specie on demand, will not, I presume, he sanctioned. It would destroy, without the excuse of war or public distress, that equality of imposts, and indentity of commercial regulation, which lie at the foundation of our confedecacy, & would officer to each state a direct temptation to increase its foreign trade, by depreciating the currency received, for duties in its ports. Such a proceeding would also, in a great degree, frustrate the policy, so highly cherished, of infusing into our circulation a largé proportion of the precious metals; a policy, the wisdom of which none ean doudt, tho; there may be different opinrens as to to the extent to which it should be carried. Its results have been already too auspicious, and its success is too closely interwoven with the future prosperity of the country, to permit us for moment to contemplate its abandonment. We have seen, under its influence, our specie augmented beyond eighty millions; our coinage increased so as to make that of gold amount, between Auguset, 1834, and December, 1836, to ten millions of dollars; exceeding the whole coinage at the mint during the thirty-one previous years. 'The prospect of further improvement continued crease the safety of bank paper. without abatement, until the moment of the the general currency, and thus suspension of specie payments. This policy has now indeed been suddenly eliecked, but is still far from being overthrown. of the Treasury, would not exceed ten; nor present emergency, the safe keeping and Amidst all conflicting theories, one position it is not for the interest of the

transfer of the public moneys. In the per- is undentable; the procious metals will invariably disappear when there ceases to be formance of constitutional duty, I have say the formal dut medium. It was in strict accordance with this truth, that whilst, in the mouth of Mar last, they were every where seen, and were current for all or linary purposes, they are appeared from circulation the moment ha payment of specie was refused by the banks, and the community tacitly agreed to dispense with its employment. Their place was supplied by a currency exclusively of paper, and in many cases, of the worst description. Already are the bank notes now in circulation greatly depreciated, and they fluctuate in value between one place and another: thus diminishing and making upcertain the worth of property and the price of labor, and failing to subserve, except at heavy loss, the purposes of business With each succeeding day the metallic ray rency decreases; by some it is hoarded a the natural fear, that once parted with cannot be replaced; while by others in diverted from its more legitimate uses, is the sake of guis. Should Congress says tion this condition of things, by makes irredeemable paper money receivable payment of public dues, a temporary class to a wise and salutary policy will, in all probability, be converted into its absolute detruction. It is true that bank notes actually con-

tible into specie may be received in a ment of the revenue, without being his all these objections, and that such a conmay, to some extent, promote infinil convenience, an object always to be comered where it does not coffict with the pr ciples of our government, or the government. welfare of the country. If such nones were received, and always under such comstances allowing their early present -& if, at short & fixed periods, they converted into specie, to be kept by the ficers of the treasury, some of the most rious obstacles to their reception was perhaps be removed. To retain the see in the treasury would be to renew, as another form, the loans of public more the banks; and the evils consequent to

It is, however, a mistaken imp that any large amount of specie is refor public payments. Of the seven eighty millions now estimated to be a country, ten millions would be also sufficient for that purpose, provided a cumulation of a large amount of rebeyond the necessary wants of the am ment, be hereafter prevented. It is considerations be added the facilities? will arise from enabling the trees satisfy the public creditors, by its denotes received in payment of the dues, it may be safely assumed that tive of convenience to the citizen in the reception of bank paper.

To say that the refusal of paper by the government, introduces at discrimination between the court ceived by it, and that used by an in their ordinary affairs, is, in m ment, to view it in a very grower The Constitut or probabits the Sam making any thing but gold and since gal tender in payment of delus, secures to every citizen a right. to .. payment in the legal currency. vide by law that the government = receive its dues in gold and silver. confer on it any peculiar privile merely to place it on an equality w citizen, by reserving to it a righthim by the Constitution. It is for this reason that the principle ranctioned by successive laws. time of the first Congress under the tution down to the last. Such per never objected to, and proceeding for sources, afford a decisive answer to putation of inequality or injustice.

But, in fact, the measure is all striction, not of favor. To for id! lie agent to receive in payment : than a certain kind of money, is him a discretion possessed by (zen. It may be left to those " the management of their own tour to make their own terms; but said tion should be given to him who are as an agent of the people, who is what the law requires, and to po-When he propriations it makes. are redeemed on demand, there is discrimination in reality, for the who receives them may, at his opstitute the specie for them; he to from convenience or choice. are not so redeemed, it will so contended that their receipt and by a public officer, should be F though none deny that right to an al; if it were, the effect would be jurious to the public, since the could make none of those arrange meet or guard against the dep which an individual is at liberty was Nor can inconvenience to the he alleged as an objection to such tion. Its object and motive are venience and welfare,

If, at a moment of simultaneous experted suspension by the bunks something to the many embarrars that proceeding, yet these are for anced by its direct tendency to wider circulation of gold and sale altogether such recurrences, in and for greater evils that strend the